

Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

801 East Jefferson, Phoenix AZ 85034 PO Box 25520, Phoenix AZ 85002 phone 602 417 4000 www.ahcccs.state.az.us

August 22, 2008

The Honorable Tim Bee, President Arizona State Senate 1700 West Washington Phoenix, AZ 85007

The Honorable Jim Weiers, Speaker Arizona House of Representatives 1700 West Washington Phoenix, AZ 85007

SUBJECT: 13th Month Appropriation Status Report for SFY 2008

Dear President Bee and Speaker Weiers:

Pursuant to A.R.S. §'s 36-2920 and 36-2994, enclosed is the "13th Month" Arizona Health Care Cost Containment System's (AHCCCS) Appropriation Status Report (ASR) for SFY 2008.

AHCCCS is projecting a \$104.9 million Total Fund (\$28.3 million General Fund) surplus on a total FY 2008 appropriation of \$5.601 billion Total Fund (\$1.27 billion General Fund). The General Fund surplus is comprised of an acute care surplus of \$21.4 million, an administration surplus of \$0.3 million and an ALTCS surplus of \$6.6 million. The ALTCS surplus will not be reflected as a General Fund reversion on June 30, 2008. Instead, pursuant to A.R.S. § 11-292.M, it may be deposited into the General Fund during FY 2009.

This report reflects expenditures paid through the "13th Month" and estimated administrative adjustment period expenditures for Administration appropriation line items and for GME, Private Hospital DSH, County Hold Harmless payments and the reconciliation of SSDI-TMC expenditures with dates of service through June 30, 2008. The estimate does not include other potential programmatic administrative adjustments, if any, that may be processed.

If you have any questions about this report, please do not hesitate to call Tom Betlach at (602) 417-4483 or Jim Cockerham at (602) 417-4059.

Sincerely,

Anthony D. Rodgers

Director

Enclosure

cc: The Honorable Janet Napolitano, Governor

The Honorable Robert Burns, Chairman, Senate Appropriations Committee

The Honorable Russell Pearce, Chairman, House Appropriations (P) Committee

The Honorable Carolyn Allen, Chairman, Senate Health Committee

The Honorable Bob Stump, Chairman, House Health Committee

Jim Apperson, Director, Governor's Office of Strategic Planning and Budgeting

The Honorable Tim Bee The Honorable Jim Weiers August 22, 2008 Page 2

Richard Stavneak, Director, Joint Legislative Budget Committee

### Arizona Health Care Cost Containment System

**Appropriation Status Report (ASR)** 

Fiscal Year 2008

Through June 99, 2008

**AHCCCS** 

Prepared by: Division of Business and Finance

# Arizona Health Care Cost Containment System Appropriation Status Report Table of Contents

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### ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

APPROPRIATION STATUS REPORT

APPROPRIATED SOURCES AND USES OF FUNDS



#### ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

# AHCCCS

#### FY 2008 APPROPRIATION STATUS REPORT For the Period Ending June 99, 2008 SUMMARY OF APPROPRIATED EXPENDITURES

		(A)	(B)	(A) - (B)		
AHCCCS		EXPENDITURE	(-/	(-7 (-7	PROJECTED	
Aricces	ANNUAL APPROPRIATION	PLAN YTD	EXPENDITURES YTD	VARIANCE YTD	ANNUAL EXPENDITURES	ANNUALIZED VARIANCE
						-
APPROPRIATIONS:						
ADMINISTRATION						
AHCCCS Operating	\$ 67,820,500	\$ 65,450,000	\$ 64,813,796	\$ 636,204	\$ 65,450,000	\$ 2,370,500
AHCCCS Prop 204 Administration	10,395,500	9,806,600	9,758,338	48,262	9,806,600	588,900
DOA Data Center	7,593,000	7,550,500	6,865,277	685,223	7,550,500	42,500
Office of Administrative Hearings	271,300	271,300	211,724	59,576	271,300	-
DES Eligibility	61,787,400	61,787,400	58,390,100	3,397,300	61,787,400	-
DES Prop 204 Eligibility	35,485,100	35,485,100	33,567,366	1,917,734	35,485,100	-
DES Title XIX Pass-Through	357,800	357,800	240,421	117,379	357,800	-
DES Eligibility System Upgrade	200,000	200,000	150,478	49,522	200,000	-
Healthcare Group	15,718,700	12,299,700	12,338,037	(38,337)	12,299,700	3,419,000
Indian Advisory Council	232,900	232,900	210,657	22,243	232,900	-
CHIP - Administration	12,696,100	12,444,200	12,264,579	179,621	12,444,200	251,900
Computer System Planning	-	=	-	-	-	-
211 System	1,279,400	1,279,400	1,260,262	19,138	1,279,400	<u> </u>
TOTAL ADMINISTRATION	213,837,700	207,164,900	200,071,035	7,093,865	207,164,900	6,672,800
ACUTE CARE						
Acute Capitation	1,962,804,700	1,962,804,700	1,956,615,242	6,189,458	1,956,615,200	6,189,500
Reinsurance	109.549.900	109.549.900	95.961.755	13,588,145	95.961.800	13.588.100
Fee-For-Service	434.866.500	434.866.500	432.294.264	2,572,236	432,294,300	2,572,200
Medicare Premiums	91.978.600	91,978,600	91.754.217	224.383	91.754.200	224.400
Breast and Cervical Cancer	1,051,400	1,051,400	984.059	67,341	984,100	67,300
Freedom to Work	6,173,600	6,173,600	6,154,504	19,096	6,154,500	19,100
SOBRA Pregnant Women	-, -,	-	-, - , -	-	-	-
Part D Copay Subsidy	2,640,000	2,640,000	2,602,098	37,902	2,602,100	37,900
Medicare Clawback Payments	26,734,600	26,734,600	26,734,556	44	26,734,600	-
SSDI Temporary Medical Coverage	11,552,300	11,552,300	9,922,033	1,630,267	11,552,300	=
Prop 204 Capitation	1,128,611,900	1,128,611,900	1,121,335,618	7,276,282	1,121,365,300	7,246,600
Prop 204 Reinsurance	42,441,000	42,441,000	38,454,145	3,986,855	38,454,100	3,986,900
Prop 204 Fee-For-Service	168,066,600	168,066,600	163,979,858	4,086,742	163,979,900	4,086,700
Prop 204 Medicare Premiums	29,002,300	29,002,300	28,902,416	99,884	28,902,400	99,900
Prop 204 County Hold Harmless	4,825,600	4,825,600	-	4,825,600	4,825,600	-
KidsCare - Children Services	119,111,800	119,111,800	119,073,543	38,257	119,073,500	38,300
KidsCare - Parent Services	40,401,300	40,401,300	39,069,052	1,332,248	39,069,100	1,332,200
Disproportionate Share Hospital	30,350,000	30,350,000	4,202,300	26,147,700	30,350,000	_
Graduate Medical Education	42,656,600	42,588,000	4,202,300	42,588,000	42,588,100	68,500
Hospital Loan Residency Program	42,030,000	42,366,000	_	42,300,000	42,366,100	00,500
Critical Access Hospitals	1,700,000	1,700,000	1,698,800	1,200	1,700,000	
Rural Hospital Reimbursement	12,158,100	12,158,100	12,158,100	1,200	12,158,100	_
TOTAL ACUTE	4,266,676,800	4,266,608,200	4,151,896,560	114,711,640	4,227,119,200	39,557,600
TOTAL ACUTE	4,200,070,000	4,200,000,200	4,131,690,300	114,711,040	4,227,119,200	39,557,000
LONG TERM CARE				,		
LTC - Lump Sum Appropriation	1,099,329,800	1,041,715,700	1,041,975,645	(259,945)	1,041,975,600	57,354,200
LTC - Medicare Clawback Payments	20,428,900	19,216,700	19,225,240	(8,540)	19,225,200	1,203,700
LTC - Part D Copay Subsidy	949,000	893,100	870,445	22,655	870,400	78,600
LTC - Board of Nursing	209,700	209,700	209,600	100	209,600	100
TOTAL LONG TERM CARE	1,120,917,400	1,062,035,200	1,062,280,930	(245,730)	1,062,280,800	58,636,600
TOTAL EXPENDITURES	\$ 5,601,431,900	\$ 5,535,808,300	\$ 5,414,248,525	\$ 121,559,775	\$ 5,496,564,900	\$ 104,867,000

### ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FY 2008 APPROPRIATION STATUS REPORT

#### FY 2008 APPROPRIATION STATUS REPORT For the Period Ending June 99, 2008 APPROPRIATED EXPENDITURES BY FUNDING SOURCE

	Ar	PROPRIATED EXPENDITURE	O D. I ONDING SOURCE			
	ANNUTAL	EXPENDITURE PROJECTED ANNUAL PLAN EXPENDITURES VARIANCE ANNUAL		ANNUALIZED		
	ANNUAL APPROPRIATION / BUDGET	PLAN YTD	YTD	VARIANCE YTD	ANNUAL EXPENDITURES	VARIANCE
	STATE - GENERAL FUND					
Administrative Expenditures	\$ 70,855,100	\$ 70,705,800	\$ 70,144,130	\$ 561,670	\$ 70,705,800	\$ 149,300
Proposition 204 - Administrative Expenditures	21,382,200	21,278,300	21,260,118	18,182	21,278,400	103,800
CHIP - Administration	2,867,500	2,788,300	2,745,112	43,188	2,788,300	79,200
Programmatic Expenditures						
Acute Care Proposition 204 - Acute Care	754,824,800 216,303,000	754,824,800 216,303,000	739,477,130 202,141,233	15,347,670 14,161,767	741,106,400 208,880,400	13,718,400 7,422,600
Long Term Care	146,154,500	139,582,500	137,318,072	2,264,428	139,575,400	6,579,100
CHIP - Services	26,601,000	26,601,000	26,562,743	38,257	26,562,700	38,300
CHIP - Parent Services	7,902,700	7,902,700	7,783,190	119,510	7,783,200	119,500
Acute Care - Hospital Payments	26,906,200	26,837,600	4,674,300	22,163,300	26,837,700	68,500
TOTAL GF EXPENDITURES	1,273,797,000	1,266,824,000	1,212,106,028	54,717,972	1,245,518,300	28,278,700
	FEDERAL					
Administrative Expenditures	75,937,200	73,673,600	69,248,585	4,425,015	73,673,500	2,263,700
Proposition 204 - Administrative Expenditures	21,815,300	21,330,300	19,382,486	1,947,814	21,330,300	485,000
CHIP - Administration	9,828,600	9,655,800	9,519,467	136,333	9,655,800	172,800
Programmatic Expenditures						
Acute Care	1,796,219,700	1,795,214,900	1,786,228,932	8,985,968	1,786,236,500	9,983,200
Proposition 204 - Acute Care	934,169,000	934,169,000	928,055,386	6,113,614	926,171,600	7,997,400
Long Term Care	732,018,400	686,280,100	691,555,856	(5,275,756)	686,539,900	45,478,500
CHIP - Services	85,810,800	85,810,800	85,294,580	516,220	85,810,800	-
CHIP - Parent Services	24,998,600	24,998,600	25,348,260	(349,660)	23,785,900	1,212,700
Acute Care - Hospital Payments TOTAL FEDERAL EXPENDITURES	59,958,500 3,740,756,100	59,958,500 3,691,091,600	13,384,900 3,628,018,452	46,573,600	59,958,600 3,673,162,900	67,593,300
TOTAL PEDERAL EXPENDITURES	3,740,756,100	3,091,091,000	3,028,016,432	63,073,148	3,673,162,900	67,393,300
	COUNTY					
Administrative Expenditures Proposition 204 - BNCF		2,683,100	2,683,100	_	2,683,100	_
Programmatic Expenditures	_,,,,,,	_,_,,,,,	_,,		_,,,,,,,	
Acute Care	52,852,000	52,852,000	52,852,000	-	52,852,000	-
Acute Care Proposition 204 - BNCF	7,026,800	7,026,800	7,026,800	-	7,026,800	-
Long Term Care	242,744,500	236,172,600	232,341,205	3,831,395	236,165,500	6,579,000
TOTAL COUNTY EXPENDITURES	305,306,400	298,734,500	294,903,105	3,831,395	298,727,400	6,579,000
	TOBACCO FUNDS					
Programmatic Expenditures						
Acute Care - Medically Needy	41,261,900	41,261,900	41,261,930	(30)	41,261,900	-
Proposition 204 - Medically Needy	19,465,300	19,465,300	19,465,300	-	19,465,300	-
Proposition 204 - Emergency Health Services	24,205,200	24,205,200	24,205,235	(35)	24,205,200	-
Proposition 204 - Proposition 204 Protection	57,774,000	57,774,000	57,773,983	17	57,774,000	-
Proposition 204 - ATLSF	114,004,100	114,004,100	114,004,100	-	114,004,100	-
Tobacco Sources Revenue (Surplus)/Deficit	-	-	-	- (10)	-	
TOTAL TOBACCO EXPENDITURES	256,710,500	256,710,500	256,710,548	(48)	256,710,500	
	OTHER					
Administrative Expanditures HCC	8,468,700	5,049,700	E 000 027	(38,337)	5,049,700	2 440 000
Administrative Expenditures - HCG Programmatic Expenditures	8,468,700	5,049,700	5,088,037	(38,337)	5,049,700	3,419,000
Acute Care - TPL	194,700	1,197,700	1,192,993	4,707	1,197,700	(1,003,000)
Long Term Care - TPL	-	-	1,065,797	(1,065,797)	-	(1,000,000)
Temporary Medical Coverage Fund	1,976,400	1,976,400	1,975,387	1,013	1,976,400	-
CHIP Children Premiums	6,700,000	6,700,000	7,216,220	(516,220)	6,700,000	-
CHIP Parent Premiums	7,500,000	7,500,000	5,937,602	1,562,398	7,500,000	-
Freedom to Work Premiums	22,100	23,900	34,356	(10,456)	22,100	<u> </u>
TOTAL OTHER EXPENDITURES	24,861,900	22,447,700	22,510,392	(62,692)	22,445,900	2,416,000
	TOTAL					
Administrative Expenditures	213,837,700	207,164,900	200,071,035	7,093,865	207,164,900	6,672,800
Acute Care	4,266,676,800	4,266,608,200	4,151,896,560	114,711,640	4,227,119,200	39,557,600
Long Term Care TOTAL EXPENDITURES	1,120,917,400 \$ 5,601,431,900	1,062,035,200	1,062,280,930 \$ 5,414,248,525	(245,730)	1,062,280,800	58,636,600 \$ 104,867,000
TOTAL EXPENDITURES	\$ 5,601,431,900	\$ 5,535,808,300	\$ 5,414,248,525	\$ 121,559,775	\$ 5,496,564,900	\$ 104,867,000

# ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FY 2008 APPROPRIATION STATUS REPORT APPROPRIATED REVENUE RECEIVED DETAIL SCHEDULE For the Period Ending June 99, 2008

	BUDGET		RECEIPTS YTD	
GENERAL FUND:				
Acute & Administrative	\$ 852.586.100	\$ 852.368.200	\$ 807.045.560	
Proposition 204 - Acute & Administrative	* //	* //	* //	
LTC	237,685,200 146,154,500	237,581,300 139,582,500	230,428,151 144,872,285	
CHIP	29,468,500	29,389,300	29,307,855	
CHIP Parents	7,902,700	7,902,700	7,783,190	
TOTAL	1,273,797,000	1,266,824,000	1,219,437,041	
	1,210,101,000	1,200,024,000	1,213,407,041	
EDERAL:				
Acute & Administrative	1,932,115,400	1,928,847,000	1,968,982,488	
Proposition 204 - Acute & Administrative	955,984,300	955,499,300	942,582,834	
LTC	732,018,400	686,280,100	691,555,856	
CHIP	95,639,400	95,466,600	94,769,797	
CHIP Parents	24,998,600	24,998,600	25,546,529	
TOTAL	3,740,756,100	3,691,091,600	3,723,437,504	
COUNTY: Acute & Administrative	62,561,900	62,561,900	62,589,255	
LTC		, ,	, ,	
TOTAL	242,744,500 305,306,400	<u>236,172,600</u> 298,734,500	242,744,500 305,333,755	
TOTAL	303,300,400	290,734,500	303,333,733	
OBACCO FUNDS:				
Acute Care	41,261,900	41,261,900	41,261,930	
Proposition 204 - Acute Care	215,448,600	215,448,600	215,448,618	
TOTAL	256,710,500	256,710,500	256,710,548	
OTHER:				
Healthcare Group	8,468,700	5,049,700	5,088,037	
Acute TPL - Note 1	194,700	1,197,700	1,192,993	
LTC TPL - Note 1	-	-	1,065,797	
KidsCare TPL - Note 1	-	-	17,961	
Temporary Medical Coverage Fund	1,976,400	1,976,400	470,312	
Member Premiums - CHIP	6,700,000	6,700,000	7,216,220	
Member Premiums - CHIP Parents	7,500,000	7,500,000	5,937,602	
Member Premiums - Freedom to Work	22,100	23,900	34,356	
TOTAL	24,861,900	22,447,700	21,023,279	
TOTAL REVENUE	\$ 5,601,431,900	\$ 5,535,808,300	\$ 5,525,942,127	

### ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

#### **APPROPRIATION STATUS REPORT**

**FOOTNOTES** 



# ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FY 2008 APPROPRIATION STATUS REPORT For the Period Ending June 99, 2008

Note 1: Third Party Liability revenues collected:	June	99, 2008	Jur	ne 99, 2007	J	uly 1, 2007	Jι	ıly 1, 2006
Gross Collections:					Ju	ne 99, 2008	Jui	ne 99, 2007
Acute TPL	\$	-	\$	203,312	\$	4,020,362	\$	2,950,429
LTC TPL		=		500,907		3,650,043		4,627,541
KidsCare TPL		-		-		49,824		26,772
Total TPL Collections	\$	-	\$	704,219	\$	7,720,229	\$	7,604,741
Net Collections(Net of Federal Share):								
Acute TPL	\$	-	\$	64,158	\$	1,192,993	\$	1,005,701
LTC TPL		-		145,885		1,065,797		1,298,329
KidsCare TPL		-		-		17,961		18,628
Total State Share	\$	-	\$	210,043	\$	2,276,752	\$	2,322,658

Note 2: Authorized Positions 1,472.3 1
Actual Positions as of June 30, 2008 1,238.1

<sup>&</sup>lt;sup>1</sup> The Authorized Positions total does not include 13 HIFA Parents Program FTE that were inadvertently not included when the programs were restored during the FY 2004 budget deliberations.

## ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FY 2008 APPROPRIATION STATUS REPORT For the Period Ending June 99, 2008

#### Note 3: Intergovernmental Service Agreement - State of Hawaii:

Beginning Balance July 1, 2007	\$ 3,662,488
Revenues Transfers-In Total Revenues	 8,178,559 263,076 8,441,635
Expenditures Transfers-out Total Expenditures	 8,278,669 928,801 9,207,469
Ending Balance June 99, 2008	\$ 2,896,654

Of the \$2,896,654 ending balance, \$1,172,502 represents restricted cash for prepaid expenses from the State of Hawaii for the projected expenditures through July 2008. Pursuant to ARS §36-2927, AHCCCS utilizes the unrestricted cash as a state match for critical technology equipment replacements and personnel costs for ongoing programming.

## ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM FY 2008 APPROPRIATION STATUS REPORT For the Period Ending June 99, 2008

Note 4: Administrative adjustment activity transferring expenditures with Fiscal Year 2007 dates of service back to Fiscal Year 2007:

	December					
	General			Total		
		Fund	Fund			
ACUTE CARE						
Acute Capitation	\$	2,816,084	\$	4,930,898		
Reinsurance		9,707,755		21,660,461		
Fee-For-Service		9,715,228		58,222,931		
Breast and Cervical Cancer		1,883		10,295		
Freedom to Work		3,969		16,894		
Part D Copay Subsidy		91,339		91,339		
Prop 204 Capitation		5,576,074		5,576,074		
Prop 204 Reinsurance		11,781,967		37,681,680		
Prop 204 Fee-For-Service		6,949,926		36,049,828		
KidsCare - Children Services		67,975		311,249		
KidsCare - Parents Services		50,574		302,222		
Total Acute Care		46,762,776		164,853,873		
LONG TERM CARE						
LTC - Lump Sum Appropriation		7,058,019		42,053,390		
LTC - Part D Copay Subsidy		34,707		34,707		
Total Long Term Care		7,092,725		42,088,097		
Total		53,855,501	\$	206,941,970		